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DIVISION OF STATE LANDS AND FORESTRY

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May 5, 1994

MEMORANDUM TO FILE

FROM: John T. Blake, Mineral Resources Specialist

RE: ML 44272–Clay
              S/049/018 Utah County

Mr. J.L. Anderson called regarding my letter of May 4, 1994, requesting that he post a $25,000 reclamation bond. Mr. Anderson understood from DOGM that he is not required to post a bond for under five acres of disturbance. He was not aware of the separate bonding authority of DSLF.

I explained that the statute requires a reclamation bond for mining on state lands in order to protect the surface owner. I told Mr. Anderson that the bonding requirement could be satisfied by:

- A surety bond or CD in the amount of $5,000/ acre, or
- A written waiver of reclamation from the surface owner, or
- A written reclamation agreement with the surface owner

Mr. Anderson told me he has only disturbed one acre or less on the state lease (no royalty has been paid). I told him that if he submits a revision of his original mining plan and reduces the stated amount of acreage to be disturbed then the bond amount may be reduced accordingly. I told him that a $5,000 bond is required for the one acre of existing disturbance, but the one acre must be reclaimed before mining additional land unless he bonds for a larger size disturbance.

Mr. Anderson said he did not want to tie up money in a CD and asked me where he could get a surety bond. I told him that he should work through his insurance agent.

Mr. Anderson expressed concern about the lease being canceled and asked if the 30 day deadline for posting bond could be extended. I told him that 30 days is sufficient time to post a bond and that the May 4 letter which he received is notice of lease cancellation if the bonding requirement is not satisfied by June 3, 1994.

JTB/tdw

cc: Wayne Hedberg